#### **RESOLUTION GRANTING THIRD ROUND SUBSTANTIVE CERTIFICATION #34-09**

#### **Stockton Borough, Hunterdon County**

WHEREAS, Stockton Borough, Hunterdon County, petitioned the Council on Affordable Housing (COAH) for third round substantive certification of a Housing Element and Fair Share Plan addressing its total 1987-2018 affordable housing obligation on December 30, 2008; and

WHEREAS, Stockton's petition was deemed complete on March 24, 2009; and

WHEREAS, Stockton Borough published notice of its petition in the *Hunterdon County Democrat* on April 6, 2009, which is a newspaper of general circulation within the county, pursuant to N.J.S.A. 52:27D-313 and N.J.A.C. 5:96-3.5; and

WHEREAS, no objections to the plan were received by COAH during the 45-day objection period; and

WHEREAS, Stockton Borough's fair share plan addresses its rehabilitation obligation of four units, a six-unit prior round obligation, and a six-unit projected growth share obligation, pursuant to Appendix F of N.J.A.C. 5:97; and

WHEREAS, Stockton Borough's plan proposes to address its four-unit rehabilitation obligation with a four-unit municipal rehabilitation program; and

WHEREAS, Stockton Borough's plan proposes to address its six-unit prior round obligation with six proposed accessory apartments; and

WHEREAS, Stockton Borough's plan proposes to address its six-unit projected growth share obligation with four proposed accessory apartments and a proposed four bedroom group home; and WHEREAS, pursuant to <u>N.J.A.C.</u> 5:97-3.2(a)4, Stockton has provided an implementation schedule that sets forth a detailed timetable that demonstrates a realistic opportunity as defined under <u>N.J.A.C.</u> 5:97-1.4 and a timetable for the submittal of all information and documentation required by <u>N.J.A.C.</u> 5:97-6.10 for the proposed group home; and

WHEREAS, Stockton Borough's plan results in a two-unit surplus from the proposed Accessory Apartment Program; and

WHEREAS, pursuant to N.J.A.C. 5:96-6.2(a)2, on August 21, 2009 COAH issued a Compliance Report (attached as Exhibit A and incorporated by reference herein) recommending approval of Stockton Borough's petition for third round substantive certification; and

WHEREAS, there was a 14-day period to submit comments to the COAH Compliance Report pursuant to N.J.A.C. 5:96-6.2(b) and COAH received no comments.

NOW THEREFORE BE IT RESOLVED the Housing Element and Fair Share Plan submitted by Stockton Borough comports to the standards set forth at N.J.S.A. 52:27D-314 and meets the criteria for third round substantive certification pursuant to N.J.A.C. 5:96-6.3; and

BE IT FURTHER RESOLVED that pursuant to N.J.A.C. 5:96-6.3(a) and after having reviewed and considered all of the above, COAH hereby grants third round substantive certification to Stockton Borough; and

BE IT FURTHER RESOLVED that pursuant to N.J.A.C. 5:96-6.3(e), Stockton Borough shall adopt all implementing Fair Share Ordinances within 45 days of the grant of substantive certification; and

BE IT FURTHER RESOLVED that if Stockton Borough fails to timely adopt its Fair Share Ordinances, COAH's grant of substantive certification shall be void and of no force and effect; and

BE IT FURTHER RESOLVED that Stockton shall submit all Fair Share Ordinances to COAH upon adoption; and

BE IT FURTHER RESOLVED that Stockton shall comply with COAH monitoring requirements as set forth in N.J.A.C. 5:96-11, including reporting Stockton's actual growth pursuant to N.J.A.C. 5:97-2.5; and

BE IT FURTHER RESOLVED that pursuant to <u>N.J.A.C.</u> 5:97-4.1(d), all credits will be verified and validated during monitoring subsequent to substantive certification pursuant to <u>N.J.A.C.</u> 5:96-11; and

BE IT FURTHER RESOLVED that pursuant to N.J.A.C. 5:96-10.1, COAH shall conduct biennial plan evaluations upon substantive certification of Stockton's Housing Element and Fair Share Plan to verify that the construction or provision of affordable housing has been in proportion to the actual residential growth and employment growth in the municipality and to determine that the mechanisms addressing the projected growth share obligation continue to present a realistic opportunity for the creation of affordable housing; and

BE IT FURTHER RESOLVED that if upon any biennial review the difference between the number of affordable units constructed or provided in Stockton and the number of units required pursuant to N.J.A.C. 5:97-2.5 results in a pro-rated production shortage of 10 percent or greater, the Borough is not adhering to its implementation schedule pursuant to N.J.A.C. 5:97-3.2(a)4, or the mechanisms addressing the projected growth share obligation no longer present a realistic opportunity for the creation of affordable housing, COAH may direct Stockton Borough to amend its plan to address the shortfall; and

BE IT FURTHER RESOLVED that pursuant to N.J.A.C 5:97-2.5(e), if the actual growth share obligation determined is less than the projected growth share obligation, Stockton shall continue to provide a realistic opportunity for affordable housing to address the projected growth share; and

BE IT FURTHER RESOLVED that pursuant to <u>N.J.A.C.</u> 5:96-6.3(b), Stockton's substantive certification shall remain in effect until December 30, 2018; and

BE IT FURTHER RESOLVED that any changes to the facts upon which this substantive certification is based or any deviations from the terms and conditions of this substantive certification which affect the ability of Stockton Borough to provide for the realistic opportunity of its fair share of low and moderate income housing and which the Borough fails to remedy, may render this certification null and void.

I hereby certify that this resolution was duly adopted by the Council on Affordable Housing at its public meeting on September 9, 2009

Reneé Reiss, Secretary

Council on Affordable Housing

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# Council on Affordable Housing Compliance Report August 21, 2009



Municipality: Stockton Borough County: Hunterdon County

**COAH Region:** 3 **Planning Area:** 4B, 5

**Special Resource Area:** None

**Housing Element and Fair Share Plan Adopted:** December 9, 2008 **Petition for 3<sup>rd</sup> Round Substantive Certification:** December 30, 2008

Completeness Determination: March 24, 2009

Date of Publication: April 6, 2009

**Objections Received:** No

**Petition Includes:** 

VLA: No GPA: No Waiver: No

**History of Approvals:** 

COAH JOC N/A
First Round: x
Second Round: 6/5/2000
Extended Certification: x

Plan Preparer: Joanna Slagle, P.P., AICP – Banisch Associates, Inc.

Municipal Housing Liaison: James Robbins

**Recommendation:** Grant Substantive Certification

#### SUMMARY OF FAIR SHARE OBLIGATION

Rehabilitation Share	4
Prior Round Obligation	6
Projected Growth Share Obligation	6

# ACTUAL GROWTH and GROWTH SHARE through September, 2008<sup>1</sup>

Res Units (#)	Actual Res	Jobs	Actual Non-Res	Actual TOTAL
	Growth Share	(#)	Growth Share	Growth Share
5	1	0	0 units	1 unit

#### **COMPLIANCE PLAN SUMMARY**

	Credit/			
Obligation	<b>Mechanism Type</b>	# Units Completed	# Units Proposed	TOTAL
Rehabilitation: 4 u	nits			
Program(s)	Municipal rehab		4	4
1 Togram(s)	program			
		Reha	bilitation Subtotal	4
<b>NEW CONSTRUC</b>	TION:			
Prior Round: 6 uni	ts			
Proposed	Accessory		6	6
Mechanism(s)	Apartments			
		Pric	or Round Subtotal	6
Growth Share: 6 u	nits			
	Accessory		4	4
Proposed	Apartments			
Mechanism(s)	Supportive/Special		4	4
	Needs			
		Grow	yth Share Subtotal	8
			Surplus	+2

<sup>-</sup>

 $<sup>^{1}</sup>$  This growth share number does not take into account allowable exclusions permitted under <u>N.J.A.C.</u> 5:97-2.4; therefore, the actual growth share may vary.

#### I. HOUSING ELEMENT

Pursuant to N.J.S.A. 40:55D-28(b), the Housing Element is a required section of the Municipal Master Plan. The Housing Element must be designed to achieve the goal of access to affordable housing to meet existing and future housing needs, with special attention given to low- and moderate-income households. The housing needs analysis must include demographic information on existing and projected housing stock and employment characteristics, a quantification of low- and moderate-income housing need, and a consideration of the lands within the municipality that are most appropriate to accommodate such housing. Stockton's Housing Element includes sufficient information regarding housing stock, demographic and employment characteristics and population trends pursuant to N.J.S.A. 52:27D-310.

Under N.J.A.C. 5:97-2.1(b), the Housing Element must also set forth the municipality's affordable housing fair share obligation, which is the sum of the rehabilitation share, the prior round obligation and the growth share.

#### A. Rehabilitation Share

The rehabilitation share is the number of existing housing units within a municipality as of April 1, 2000, that are both deficient and occupied by households of low or moderate income. As indicated in Appendix B of N.J.A.C. 5:97, Stockton has a rehabilitation share of four units.

#### **B.** Prior Round Obligation

The prior round obligation is the cumulative 1987-1999 new construction obligation provided in Appendix C of N.J.A.C. 5:97. Stockton has a prior round obligation of six units.

# C. Projected Growth Share

The projected growth share is initially calculated based on household (residential) and employment (non-residential) 2004-2018 projections. Pursuant to Appendix F of N.J.A.C. 5:97, Stockton has a residential projection of 13 units and a non-residential projection of 61 jobs, which results in a projected growth share obligation of six affordable units<sup>2</sup>. The Borough has

<sup>&</sup>lt;sup>2</sup> Pursuant to N.J.A.C. 5:97-2.2(d), Stockton's residential projection of 13 is divided by 5 to yield 2.6 units and the nonresidential projection of 61 jobs is divided by 16 to yield 3.81 units. Stockton's total projected growth share is therefore 6 units (2.6 + 3.81).

not subtracted any second round exclusions.

SUMMARY OF FAIR SHARE OBLIGATION

Rehabilitation Share	4
Prior Round Obligation	6
Projected Growth Share Obligation	6

#### II. FAIR SHARE PLAN

A Fair Share Plan, as required under N.J.A.C. 5:97-3.1, describes the completed or proposed mechanisms and funding sources, if applicable, that will be utilized to specifically address a municipality's rehabilitation share, prior round obligation, and growth share obligation and includes the draft ordinances necessary to implement that plan. Affordable housing must be provided in direct proportion to the growth share obligation generated by the actual growth.

Stockton's Fair Share Plan, and the supporting documentation incorporated by reference therein, address the requirements of <u>N.J.A.C.</u> 5:97-3.1 as follows:

#### A. Plan to Address Rehabilitation Share

#### **Rehabilitation Share Credits**

Stockton's Housing Element and Fair Share Plan does not include a request for rehabilitation credit.

# **Proposed Rehabilitation Program(s)**

#### Stockton Rehabilitation Program

Stockton will implement a municipally sponsored rehabilitation program for the rehabilitation of deficient units within the Borough. Stockton's rehabilitation program will adhere to the regulations in N.J.A.C. 5:97-6.2, including having the program available to both owner-occupied and renter-occupied units. Stockton has submitted a resolution authorizing a

contract with NORWESCAP, an affirmative marketing plan and an operating manual for the administration of the program. The Borough is anticipating funding the program with its affordable housing trust fund and receiving funding for the program through Community Development Block Grants (CDBG) and other funding sources. The Borough has provided an implementation schedule for the rehabilitation program that provides sufficient dollars to fund no less than half of the municipal rehabilitation component by the mid-point of the substantive certification period, and has submitted a spending plan and a resolution of intent to bond in the event of a shortfall in funding that was adopted on February 9, 2009. [4-unit rehabilitation program]

### **Proposed Rehabilitation Program(s)**

Rehabilitation Program	# Units
Stockton Rehab Program	4
TOTAL	4

#### B. Plan to Address Prior Round Obligation

#### **Prior Round Obligation Credits**

Stockton's Housing Element and Fair Share Plan does not include any prior round obligation credits.

#### **Proposed Affordable Housing Mechanisms**

Stockton proposes to address its six-unit prior round obligation through the following mechanisms:

#### Accessory Apartment Program

Pursuant to N.J.A.C. 5:97-6.8, Stockton may propose accessory apartments to address its affordable housing obligation provided the municipality's housing stock lends itself to accessory apartments. A municipality may receive credit up-front for up to 10 accessory apartment units, or an amount equal to a combined total of 10 percent of the fair share obligation, whichever is greater, unless the municipality has demonstrated a successful history of an accessory apartment program.

Stockton's Fair Share Plan proposes a ten-unit Accessory Apartment program in all its residential zones. The Borough indicates the historic and built out nature of the Borough, coupled with the larger, traditional homes on small lots lend themselves to the ability to incorporate accessory apartments into the current fabric of the Borough. The Borough will provide the minimum subsidy of \$20,000 for each moderate-income unit and \$25,000 for each low-income unit. Subsidy may be used to fund actual construction costs and/or to provide compensation for reduced rental rates. Stockton will fund the program through grants the Borough anticipates receiving, such as Small Cities grants, and with its affordable housing trust fund. The Borough has submitted a spending plan and a resolution of intent to bond, which was adopted by the Borough on February 9, 2009, in the event of a shortfall in funding. The accessory apartments will be served by public water and sewer.

The program will be administered by NORWESCAP. Pursuant to N.J.A.C. 5:97-6.8(e), Stockton has submitted an affirmative marketing plan and written operating manual for administering the program. The units must be affirmatively marketed, and have the proper affordability controls, low/moderate split and rental pricing. The units will have 10-year affordability controls, pursuant to N.J.A.C. 5:97-6.8(c)1.

Stockton is requesting six family rental credits for the program toward its prior round obligation and four family rental credits toward the growth share obligation. The Borough is also proposing to deed restrict one of the units for very-low income households. Stockton has provided provisions for accessory apartments in its affordable housing ordinance. The ordinance must be adopted within 45 days of substantive certification. [6-unit Accessory Apartment Program]

**Proposed Affordable Housing Mechanisms** 

Type/Name of Affordable Housing Mechanism	Type of Affordable Unit	# Units/ Bedrooms	Bonus Type	# Bonuses	Total Units/Bedrooms + Bonuses
Accessory Apartments	Family Rental	6	-	-	6
	TOTALS	6		-	6

#### **Prior Round Obligation Parameters**

Stockton has satisfied the applicable Prior Round parameters as follows:

**Prior Round Rental Obligation:** 2 Units

Development/Project Name Type of Affordable Unit		# Units
Accessory Apartments	Family Rental	2
	TOTAL	2

#### C. Plan to Address Projected Growth Share

#### **Growth Share Obligation Credits**

Stockton's Housing Element and Fair Share Plan does not include any growth share obligation credits.

#### **Proposed Affordable Housing Mechanisms**

Stockton proposes to address the six-unit growth share obligation through the following mechanisms:

#### Accessory Apartment Program

As described above under Section II, Part B, of this report, six units of the proposed ten unit Accessory Apartment Program will be used to address a portion of Stockton's prior round obligation and four units will be used to address the growth share obligation. [4-unit Accessory Apartment Program]

# Supportive and Special Needs Housing

Pursuant to N.J.A.C. 5:97-6.10, Stockton is proposing to create a four bedroom group home in an existing home in cooperation with a nonprofit provider. The Borough indicates that many homes in the Borough could be converted to a group home. The Borough began soliciting

<sup>&</sup>lt;sup>3</sup> Rental Obligation: .25 (Prior Round Obligation-Prior Cycle Credits) or .25 (6-0) = 2 N.J.A.C. 5.97-3.10(b)1

non-profits in 2006. To date, the Borough has not received interest, but will continue to reach out to organizations.

Pursuant to N.J.A.C. 5:97-3.2(a)4, the Borough has provided an implementation schedule that sets forth a detailed timetable that demonstrates a realistic opportunity as defined under N.J.A.C. 5:97-1.4 and a timetable for the submittal of all information and documentation required by N.J.A.C. 5:97-6.10. The Borough's mechanism checklist form includes a timetable for each step of the development process in accordance with N.J.A.C. 5:97-6.10(e), with certificates of occupancy being issued in 2014, requiring that supporting documentation be submitted to COAH in 2012, two years before construction begins. [4 Special Needs bedrooms]

**Proposed Growth Share Affordable Housing Mechanisms** 

Type/Name of Affordable Housing Mechanism	Type of Affordable Unit	# Units/ Bedrooms	Bonus Type	# Bonuses	Total Units/Bedrooms + Bonuses
Accessory Apartments	Family Rental	4	-	-	4
Group Home	Supportive/Special Needs	4	-	-	4
	TOTALS	8		-	8

#### **Growth Share Parameters**

Stockton has satisfied the applicable Growth Share parameters as follows:

**Growth Share Rental Obligation:** <sup>4</sup> 2 Units

Development/Project Name	Type of Affordable Unit	# Units
Accessory Apartments	Family Rental	4
	TOTAL	4

<sup>4</sup> Projected Growth Share Rental Obligation: .25(Projected Growth Share) or .25(6)= 1.5 or 2 units N.J.A.C. 5:97-3.10(b)3

**Growth Share Family Rental Requirement:** 5 1 Unit

Development/Project Name	Type of Affordable Unit	# Units
Accessory Apartments	Family Rental	4
	TOTAL	4

# **Growth Share Minimum Family Requirement:** <sup>6</sup> 3 Units

Development/Project Name	Type of Affordable Unit	# Units
Accessory Apartments	Family Rental	4
	TOTAL	4

# **Very Low Income Minimum Requirement:** 1 Unit

Development/Project Name	Type of Affordable Unit	# Units
Accessory Apartments	Family Rental	1
Group Home	Supportive/Special Needs	4
	TOTAL	5

#### **Actual Growth Share Obligation**

The actual growth share obligation will be based on permanent certificates of occupancy issued within the municipality for market-rate residential units and newly constructed or expanded non-residential developments in accordance with Appendix D of N.J.A.C. 5:97. At plan evaluation review pursuant to N.J.A.C. 5:96-10, COAH will compare the actual growth share obligation with the actual number of affordable units constructed.

<sup>&</sup>lt;sup>5</sup> Projected Growth Share Family Rental Requirement: .5(Projected Growth Share Rental Requirement) or .5(2)= 1 unit N.J.A.C. 5:97-3.4(b)

<sup>&</sup>lt;sup>6</sup> Projected Growth Share Family Requirement: .5(Units Addressing the Growth Share Obligation) or .5(6)= 3 units N.I.A.C. 5:97-3.9

N.J.A.C. 5:97-3.9

<sup>7</sup> Growth Share Very Low Income Requirement: .13(Units Addressing the Growth Share Obligation) or .13(6)= .78 or 1 unit N.J.S.A. 52:27D-329.1

The New Jersey Department of Community Affairs (NJ DCA) *Construction Reporter* indicates that between January 1, 2004 and September 2008, Stockton issued certificates of occupancy for five housing units, yielding an actual growth share obligation through September 30, 2008, of one affordable unit.<sup>8</sup>

#### D. Summary of Plan to Address Fair Share Obligation

# REHABILITATION SHARE SUMMARY Rehabilitation Share: 4 Units

Program Name	# Units
Stockton Rehab Program	4
TOTAL	4

# PRIOR ROUND SUMMARY Prior Round Obligation: 6 Units

	Name of Mechanism	# Units/ Bedrooms	Bonus Type	# Bonuses	Total Units/Bedrooms + Bonuses
Proposed Mechanisms	Accessory Apartments	6	1	-	6
	Subtotal	6		-	6
	6				

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<sup>&</sup>lt;sup>8</sup> The number of residential COs (5) is initially divided by 5 to yield 1 affordable unit. **Note:** This number does not take into account allowable exclusions permitted under <u>N.J.A.C.</u> 5:97-2.4; therefore, the actual growth share may vary.

# **GROWTH SHARE SUMMARY Projected Growth Share Obligation: 6 Units**

	Name of Mechanism	# Units/ Bedrooms	Bonus Type	# Bonuses	Total Units/Bedrooms + Bonuses
Proposed Mechanisms	Accessory Apartments	4	-	•	4
	Group Home	4	-	-	4
	Subtotal	8	-	-	8
TOTAL					8
				Surplus	+2

#### III. FAIR SHARE DOCUMENT REVIEW

### A. Development Fee Ordinance

Stockton does not presently have a development fee ordinance. The Borough submitted a draft development fee ordinance for COAH's review and approval with its third round petition. The development fee ordinance will be reviewed by COAH in a separate report.

#### B. Third Round Spending Plan

A third round spending plan was submitted by Stockton with the Borough's third round petition for COAH's review and approval. The spending plan will be reviewed by COAH in a separate report.

#### C. Affordable Housing Ordinance/Affordable Housing Administration

Stockton Borough has submitted a draft affordable housing ordinance that comports with the requirements of the Uniform Housing Affordability Controls (UHAC), N.J.A.C. 5:80-26.1 *et seq.*, which was amended on December 20, 2004. The draft proposed ordinance also complies with the barrier free subcode of the State Uniform Construction Code Act (N.J.S.A. 52:27D-119 et seq.) and the accessibility requirements of N.J.S.A. 52:27D-123.15. The draft ordinance must

be adopted within 45 days of COAH's grant of substantive certification and submitted to COAH immediately upon adoption.

An ordinance establishing the position of a municipal housing liaison was adopted by the Borough on June 25, 2007, and a resolution appointing a municipal housing liaison was adopted by the Borough on July 30, 2007.

Stockton is responsible for the continued re-sale and re-rental of existing affordable units and the initial sale and rental of newly constructed affordable units within the Borough and must identify an experienced administrative entity for that purpose by contract, agreement or letter. Stockton has submitted a contract with NORWESCAP as its administrative entity for its affordable units. Pursuant to N.J.A.C. 5:80-26.14(b), Stockton has submitted a written operating manual for administering affordable units within the Borough.

#### **D.** Affirmative Marketing Plan

Stockton has submitted an affirmative marketing plan that will be reviewed for conformance with the requirements of the UHAC. The affirmative marketing plan must ensure all future affordable housing units will be affirmatively marketed to the region upon initial sale/rental and re-sale/re-rental. Once approved by COAH, the affirmative marketing plan must be adopted by resolution by the Borough within 45 days of COAH's grant of substantive certification and submitted to COAH.

#### IV. MONITORING

Stockton must comply with COAH monitoring requirements as set forth in N.J.A.C. 5:96-11, including reporting the municipality's actual growth pursuant to N.J.A.C. 5:97-2.5. As indicated above, credits for built units will be validated and verified by COAH staff during monitoring prior to the first biennial plan evaluation. It should be noted that credits for affordable housing programs and/or affordable units must be in compliance with N.J.A.C. 5:97-4. If the units are determined not to be eligible for credit, COAH will notify Stockton in writing and the Borough may be directed to amend its certified plan to address the shortfall.

Pursuant to N.J.A.C. 5:96-10.1, COAH will conduct biennial plan evaluations upon substantive certification of Stockton's Housing Element and Fair Share Plan. The purpose of the plan evaluation is to verify that the construction or provision of affordable housing has been in proportion to the actual residential growth and employment growth in the municipality and to determine that the mechanisms addressing the projected growth share obligation continue to present a realistic opportunity for the creation of affordable housing. If upon any biennial review the difference between the number of affordable units constructed or provided in Stockton and the number of units required pursuant to N.J.A.C. 5:97-2.5 results in a pro-rated production shortage of 10 percent or greater, Stockton is not adhering to its implementation schedule pursuant to N.J.A.C. 5:97- 3.2(a)4, or the mechanisms addressing the projected growth share obligation no longer present a realistic opportunity for the creation of affordable housing, the Council may direct the Borough to amend its plan to address the shortfall.

#### V. RECOMMENDATION

COAH staff recommends that Stockton be granted third round substantive certification. Stockton must adopt all necessary implementing ordinances within 45 days of the grant of substantive certification and submit certified copies of the adopted ordinances to COAH within seven days of the adoption.